



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 7, 2007

### **H.R. 29**

**A bill to authorize the Secretary of the Interior to construct facilities to provide water for irrigation, municipal, domestic, military, and other uses from the Santa Margarita River, California, and for other purposes**

*As ordered reported by the House Committee on Natural Resources on October 10, 2007*

### **SUMMARY**

H.R. 29 would authorize the Secretary of the Interior to participate in the design, planning, and construction of facilities to make water available from the Santa Margarita River for domestic and military uses. The bill would authorize the appropriation of \$60 million to build the project and such sums as are necessary to operate and maintain it. H.R. 29 would terminate the authority to implement this project 10 years after the date of enactment of this legislation.

Assuming appropriation of the necessary funds, CBO estimates that implementing H.R. 29 would cost \$61 million over the 2008-2012 period and an additional \$3 million after that period, including adjustments for anticipated inflation. If funds were appropriated to build this project, local users would be required to repay about 40 percent of construction costs over a 40-year period following completion of the project. Enacting this legislation, by itself, would not affect direct spending or revenues.

H.R. 29 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 29 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Estimated Authorization Level	0	6	19	19	20
Estimated Outlays	0	5	17	19	20

## **BASIS OF ESTIMATE**

Based on historical spending patterns of similar projects, CBO estimates that implementing H.R. 29 would cost \$61 million over the 2008-2012 period and an additional \$3 million after that period, including adjustments for anticipated inflation. For this estimate, CBO assumes that H.R. 29 will be enacted before the end of calendar year 2008 and that the necessary amounts will be appropriated over the 2009-2013 period.

H.R. 29 would authorize the Bureau of Reclamation to construct a water recharge and recovery system that would benefit the Fallbrook Public Utility District and the Marine Corps Base at Camp Pendleton in California. The feasibility study for this project is in the early stages of development and will not be completed until 2008. For this estimate, CBO assumes that construction would begin in 2009 and would be completed in 2013. This estimate includes \$64 million for construction costs—the \$60 million that would be authorized by the bill plus adjustments for inflation, which also would be authorized by the bill.

Since the scope of the project is unclear, CBO cannot estimate the amount of funding needed for operations and maintenance. Any funds appropriated for operations and maintenance would be offset by payments to the Treasury from the district, except for those costs allocated to Camp Pendleton. CBO expects that money would not be appropriated for this purpose until after 2012. The bureau has the authority to transfer the operations and maintenance responsibilities for the project to the district or another entity if an acceptable arrangement can be established.

After the project is constructed and once water is made available, the district would begin repaying its share of the capital costs of this project. Based on information from the bureau, CBO expects that the district would be responsible for repaying about \$26 million over the 40-year period following construction. Any such collections would be credited to the budget on an offsetting receipt (a credit against direct spending). A change in direct spending cannot be credited to H.R. 29, however, because such receipts are contingent upon future appropriation actions to construct the project.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 29 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Enacting this bill would benefit the Fallbrook Public Utility District, and any costs that it might incur in association with the authorized project would be incurred voluntarily.

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